

Winter 2015: Year-End/New Year Edition

Reminders

- Final Setoff/Lottery File was December 15. Next is February 2, 2016.
- Submit your online 2016 Participation Form NOW if not yet done
- New Participants—A Capital Management Trust account is required for participation, and only one account per local government is allowed
- 2016 Setoff Calendar to be posted online by January 1, 2016

Inside this issue:

Year-End/New Year Issues	1
Reminders—By December 31, 2015	1
A Few More Important Reminders Before 2015 Ends	2
Compliance and Expiration Dates	2
Year-end Cleanup Expired Debts	3
Year-end Clean-up Rejected Debtors	3
Interactive Voice Response (IVR)	3
Client Software Version 2015 Update	4

Volume 5: Issue 5

December 28, 2015

Year-End/New Year Issues —What, When, Why?

December is the best time to review existing debts and also submit new debts for the upcoming tax year. Although it is now the end of another tax year, it is never too late to send out the required notification letters. Debtors get 30 days to appeal or make payment arrangements, before debts are sent to the Dept. of Revenue and Education Lottery.

The Dept. of Revenue will probably begin processing refunds the week of January 11—15, 2016. So we suggest the notification letters be sent as soon as possible, if not already.

If you need help generating your letters, we can help. If you have an Excel file or need us to do your data entry, we can do a

mail merge and send you the letters via email. If you use our software, we can connect remotely to your computer and help you generate letters and even a pdf file to save as proof they were sent. Remember, there is never a charge for our assistance.

If you don't send updated files to us often, most send every week, at least send us your latest file between now and January 8, 2016 so we can have the most current debt amounts to start the new tax year. If you use our software, click TRANSMIT-EXPORT to CLEARINGHOUSE-Debtor Information.

The Clearinghouse will do the following before sending the first file of 2016 to the Depart-

ment of Revenue (who forwards every few weeks to the Education Lottery):

- Delete ALL debts < \$50
- Delete ALL Expired debts
- Delete all Rejected Names/SSNs from Dept. of Revenue

What are the benefits of the above? It results in less calls to local governments from debtors, since deleted debts will not provide information to debtors calling our Interactive Voice Response (IVR) system. Our IVR references all debts for an SSN, regardless of the amount, even \$0.00. But the only time we delete less than \$50.00 debts is at the end of December. So someone who you came in and paid you directly or was setoff in the past year will not hear your local government contact information.

Reminders—By December 31, 2015

- Complete the required annual participation form, click [here](#)
 - Only ONE form is needed for the entire local government.
 - Print, sign and mail in a signed original. If you submit BEFORE printing you will have to re-do the form. DO NOT FAX! This form must be received by December 31 or existing debts will NOT be submitted in 2016 until a signed form is received. Be sure to have an official, like County Manager, Town Manager/Clerk, Mayor or Agency Head sign the form.
 - Click [here](#) to check the status of your 2016 Part. form
- This form references items in the Memorandum of Agreement that may have been done many years ago. It reminds you to adhere to requirements such as processing refund requests from the Department of Revenue.

There are also statements about security. If you are sending us Excel files you are made aware of our encrypted software or our offer to do FREE data entry for those with 100 or less debts. Excel files that are sent directly to secure folders (those not using our software) must begin using an encrypted password. Notices and instructions were sent to those few that are affected on Wednesday, December 23.

Did you miss downloading any Setoffs in 2015? You may not always get our emails (we sometimes get treated as spam or may go to your Junk folder) so we suggest you match any Capital Mgt. deposits against any Setoff Reports/files. The 2015 Setoff Calendar is still on the Information page of the website. Contact us soon to get caught up.

Compliance Date - the START date to begin sending to Dept. of Revenue/ Education Lottery. Expiration Date - the END date to send Both are required when submitting debts!

A Few More Important Reminders Before 2015 Ends

The end of another year is here but there are still some items left to do to prepare for 2016, if not already done.

Nearly 90% of local governments have completed their 2016 Participation form. If you only clicked Submit and did not print and mail a signed original, it is critical it be done today! Regretfully, we will delete all debts for local governments that fail to mail a signed original to the NCACC or NCLM. An online submission, a fax or a scanned email does not comply. Remember, the Participation form is the only annual requirement so hopefully you understand we need this critical document once a year.

Some year-end suggestions:

- Create an Export Excel file before doing any year end clean-up options. Select the Unmask SSN option to give the full SSN. This is extremely important if you will be selecting one or more DELETE options. Backup the file to a DVD/CD and store it securely in a safe or locked location and refer to only if necessary. Then delete this Excel file from your hard drive and also from the Recycle Bin.
- If using our software, run the Selective Report to

determine debts that are \$0 and also debts less than \$50 (debts less than \$50 can be combined to reach \$50 or added to a debt over \$50). Do not combine TAX debts with any other type of debt

- Determine if a global option is desired to remove all \$0.00 or those not setoff, and/or less than \$50. But be aware this global option will remove for ALL department codes
- Run an Expired Debts report for at least the end date 12/31//2015. Even run through May 31, 2016 to see what will expire in heavy tax season. Then determine if they should be extended or deleted

We used to strongly recommend having a database of debts to start the new year that have the potential to be setoff. However, since we are just starting to no longer load debts less than \$50 at the Clearinghouse you can choose to retain debts less than \$50, We still allow you to adjust existing debts to less than \$50. The requirements for sending to the Dept. of Revenue have not changed and must meet this criteria:

- Each debt must be \$50 or more (we DO NOT com-

bine your debts or add with other local governments, each debt stands alone)

- Compliance Date (start date) must have passed
- Expiration Date (end date) must not have passed
- Must have a Last Name and First Name (not a business name)
- SSNs or ITINs only—no drivers license or business numbers (even though the law allows, Dept of Rev. does not)

Change for Excel Users:

The NCACC and NCLM have approved the following policy:

- Excel files sent directly to secure folders (not using our client software) must now have an encrypted password to be assigned by the Clearinghouse
- Instructions and the encrypted passwords were sent Wednesday, December 23
- Excel files cannot be submitted to secure folders beginning January 2017. Our software (recommended), data entry (depending on number of debts) or ASCII will be the only options.

Compliance Date—Expiration Dates—What are they?

Compliance Date—the date you want the Clearinghouse to BEGIN submitting the debt to the Department of Revenue and Education Lottery. It is similar to post-dating a check, it is not sent to the Department of Revenue/Lottery until that day passes. We suggest

making that day a Friday so we will process it over that weekend and it will go to Dept. of Revenue the following Tuesday.

Expiration Date—this is the date in the future you want the Clearinghouse to no longer submit the debt to the Department of Revenue and Education

Lottery. Refer to the Statute of Limitations articles in past newsletters. You may be able to change some or all Expiration Dates. Many local governments are putting expiration dates of 10, 20, even 50 years. Contact us if you still have questions.

Year-end Clean-up —Rejected Debtors—Invalid SSN/Name

On Monday, December 21, the Clearinghouse sent email notifications with instructions and placed an Excel file in secure folders for **ONLY** those local governments with debtors/debts that were rejected by the N.C. Department of Revenue during 2015.

More than 2,400 Names/SSNs were returned to the Clearinghouse at various intervals during 2015. It may be a business name with an SSN when it must be the individual's first and last name. Other times it is

just a typo or transposed digits. But like a phone number, it must be exact in order to have a chance to be setoff.

Unless corrected, these debts will never be setoff. We suggest you check the SSN and Name against any records you may have and/or review via a Social Security lookup/verification service.

If you cannot find the correct-
ed SSN and/or First/Last names, we suggest you change the debt(s) associated with these debtors to \$0.00 and

send to us before Friday, January 8, 2016.

These rejected debtors may have affected another local government during 2015. This is due to the fact that we combined ALL debts and submitted under this one SSN and Name. Since this SSN and/or Name was rejected no local government received funds.

Be sure to download and save your Rejected Excel file. It will be automatically removed after 10 days.



The Department of Revenue matches against the entire SSN and first four characters of the last name in order to verify it is the correct person.

Year-end Clean-up —Expired Debts—Available December 11

On December 11, the Clearinghouse placed an Excel file of all debts for local governments that had debts at that time that had expired or would be expiring by December 31. An email was also sent with detailed instructions.

This Excel file is sorted by department code which will allow for easier review. If the debts can be extended then do so. Our software has a simple but powerful way to globally up-

date Expiration dates. Contact us if we can assist you.

All expired debts will be deleted Monday, January 4, 2016. This also removes the priority date. However, if you do not change in your ASCII/Excel files or software, you will be restoring these Expired debts with no chance to setoff as we don't send debts to the Dept. of Revenue if the Expiration Date has passed. Since we still load them you may still receive calls

from the debtors as we list your contact information in our IVR.

If you did not download and save your Expired Debts excel file it has been deleted since it has been more than 10 days. Contact us if we need to restore. If you use our software you can simply run an Expiration Report. Contact us for questions.

Expired Debts can probably be extended. It is how OLD the debt was when submitted to debt setoff, not how long you attempt to collect.

Interactive Voice Response (IVR) - be sure you're ready for 2016

The IVR is a dedicated computer system with eight phone lines that allow debtors to get information about local government debts. Once setoff, the debtor receives a letter from the Department of Revenue with our toll free number (877) 843-0330. They call and enter their SSN and will hear, in random order, ALL local governments that have submitted debt against their SSN. If no information is given for the SSN it could be a spouse from a joint

tax return that has debt(s).

Reminders:

1. The IVR will not identify which local government received funds. Usually we haven't received the setoff file from the Dept. of Revenue or Education Lottery when the debtor receives the letter.
2. We can set-up different contacts and phone numbers for local governments if the

department code is provided. Only available to ASCII/Excel and software users. Not available for data entry participants.

We will use the information from the 2016 Participation form to determine if we need to contact you to get your IVR set-up or changes. We will begin calling or sending email by January 8. You can also send us an email with the details or call and let us do it then.



Remember to call and check the IVR for pronunciation and accuracy by entering an SSN for each department. Please do by January 11, 2016. Contact us if we need to make modifications.

DEBT SETOFF CLEARINGHOUSE

N.C. Local Govt. Debt Setoff

Website:

<http://www.ncsetoff.org>

Toll-free Support:
(866) 265-1668

Interactive Voice Response
(IVR): (877) 843-0330

E-mail: ncsetoff@ncsetoff.org

N.C. Clearinghouse Staff:

Bill Walsh

(President/Operations Manager)

Fran McClary, Billie Mills and

Becca Walsh

(Customer Services)

Linda Kanefelt and Marcia Padgett

(Debtor Inquiry)

Drew Bryant

(Software Developer)

Rich Ware

(Network Admin./Security)



North Carolina Association of County Commissioners

Website: <http://www.ncacc.org>

Contact: Matt Gunnet

Phone: (919) 715-2354

E-mail: matt.gunnet@ncacc.org



North Carolina League of Municipalities

Website: <http://www.ncml.org>

Contact: Wanda Veasey

Phone: (919) 715-2218

E-mail: wveasey@ncml.org

N. C. Department of Revenue

Setoff Debt Unit

(919) 814-1119

N. C. Capital Management Trust

(800) 222-3232

Client Software Version 2015 Update, Reminders and Tips...

Year-end Reminders/Instructions:

- Following the download of the final setoff file of the year, December 15, it is now the proper time if any OPTIONAL cleanup is desired. This can start as soon as December 16 or whenever the final setoff was imported. Call us for questions/assistance.
- Before executing any of the Tools-User delete options, we suggest the Reports-Setoff be generated and reviewed. Select the Calendar Year setoff range, February 3, 2015 through December 15, 2015. Fiscal Year date ranges may also be selected for auditors or internal staff requirements. You may also want to do separate Setoff Reports for each of the twenty-two setoff dates to be sure each was imported. Many local governments are not in each of the 22 setoff files, so we suggest reconciling against Capital Management deposits. If there was a deposit and no Setoff report then contact the Clearinghouse so the setoff files can be restored to your secure folder.
- Another option before executing the year-end cleanup functions is the Import/Export menu Excel Export option. This is a very detailed file to save before starting a new year. It may take quite awhile for local governments with thousands of debts but worth it. Start it before going to lunch or if will be away from your desk for a period of time. And be sure to save to a DVD/CD for long term access in the event that your computer crashes or is replaced.
- We remind local governments of the year-end options. If choosing to do one or more, do so and then Transmit-Export to Clearinghouse-debtor Information by Friday, January 8, 2016:

1. Delete debts = \$0.00 (whether setoff or not) **OR debts = \$0.00 not setoff**

2. Delete debts less than \$50.00 (whether setoff or not) **OR debts < \$50.00 not setoff**

3. Delete Expired Debts OR Expired Debts = \$0.00 OR all Expired Debts < \$50.00

- Only the Administrator can execute the above Year-end clean-up options.
- These options do ALL departments so discuss/inform the other department users.
- Note: the above will delete ALL history on these debtors and debts. If you want a clean and efficient database of only debtors you are attempting to collect for, the above options will do this. But if you want to retain historical information, do not delete any one that was setoff.

Explanations:

- Ever wonder when you enter User Name and Password and click Login it takes awhile before the Menus are displayed? *Our program does some verifications first to ensure that the version you are using will execute with your data. If not, it will add any new data items so we do not have to connect to your SQL database which is often on a server and may require your I.T. or third-party vendor.*
- Experiencing any slowness or degradation since we converted you to the encrypted version? *The larger the number of debtors and debts the more this may be noticeable for various functions such as Quick View. This is because the program must decrypt SSNs in order to display them. In addition, Interest Accrual is another one that is significantly impacted.*

Tips:

- When signing on to the Client software, after entering User Name, click TAB to go to the Password, then hit the <ENTER> key twice, it works the same as clicking the Login button and is much quicker eliminating the mouse on the Login screen. We do it when we remote in to users for efficiency. Try it, it works.
- When attempting a TRANSMIT-IMPORT: setoffs, expired debts, rejected SSNs/names and a message appears: "No data files", this signifies that the password has expired and must be changed before the files can be accessed.